

CITIZEN TRADE POLICY COMMISSION MEETING

Cross State Office Building
Utilities Commission Room 211

June 18, 2010

Summary

Members Attending: Sen. Troy Jackson; Chair; Rep. Sarah Bigney, Paul Volckhausen, Michael Roland, Michael Herz, Malcom Burson, John Patrick, John Palmer, Joseph Woodbury, Carla Dickstein, Wade Merritt, Cynthia Phinney, Linda Pistner

Guests via Polycom: Jim Catella, Sen. Olympia Snowe's Office
William Waren, Forum on Democracy & Trade

Staff Attending: Linda Nickerson, Natalie Haynes

Senator Jackson called the meeting to order at 9:03 a.m. and introductions were made.

Discussion/Comments on the CTPC 2010 Work Plan:

Sara Bigney reviewed the 2010 work plan.

Task Forces:

Paper ruling - John Patrick will get an update from Dan Lawson, Alliance for American Manufacturing, who gave a presentation at the March meeting. He will see if Mr. Lawson can attend an upcoming meeting and also find out the status of the USTR ruling. Mike Roland expressed interest in knowing how industry sees the recent ruling, if there are similar dumpings occurring, what type of commodities may be affected next and how it has affected the mills. John Patrick will contact John Williams, President of Maine Pulp and Paper Association and get information.

Energy corridor and trade policy connections including LNG – Cynthia Phinney will contact Sen. Sherman and collaborate with him on this item. Michael Herz offered to work on this task force and look into LNG item.

Health care and trade policy – Michael Hiltz expressed to Sarah Bigney that he would work on this task force.

Outreach to Legislature, Governor, etc. – Rep. Jackson stated that Rep. Rotundo and all CTPC senators and representatives will serve on this task force.

Other areas – Cynthia Phinney suggested a meeting on federal/state consultation, what they'd like to see and what other states are doing. Sarah will work with Cynthia on this topic.

Staff funding - Sarah Bigney stated that money in the fund will roll over into the next FY budget but currently the dollar amount is not available. A lot depends on budget cuts.

Presentation via Polycom – Jim Catella, Sen. Snowe’s Office regarding rubber shoe trade issue

Jim Catella addressed Sen. Snowe’s May 3rd letter to Chairpersons, Max Baucus and Charles Grassley, U. S. Committee on Finance, and signed off by several senators and members of Congress.

Mr. Catella advised that he visited the New Balance plants in Maine, was approached by workers advising him of what was going on in the industry, and was asked if Sen. Snowe’s office could help.

Genfoot, Inc. of New Hampshire and New Balance of Maine are among the few domestic shoe manufacturers that have not outsourced production. There appears to be companies based in New York and New Jersey (but the product is made in China) that have created a way to get around paying duty tariffs. By spraying a small amount of fabric textile material onto the sole of the footwear, the footwear is reclassified as a textile product and subject to a lower duty rate. The textile fabric that has been sprayed onto the sole wears off within a couple of weeks. Mr. Catella saw footwear that has sprayed fabric on the sole. It is only a matter of time before other companies start using the same process and paying lower tariffs. This leads to an unfair playing field for the manufacturers located here.

Sen. Snowe’s letter is requesting Congress to include a provision to S 730, Affordable Footwear Act that will close the loophole that allows importers to evade the duties.

Mr. Catella asked for a letter of support from the CTPC regarding this practice and the impact on workers and jobs in Maine.

Sara advised that Rep. Rotundo expressed her thanks to Sen. Snowe and others in pursuing to preserve hundreds of jobs and preventing importers from skirting tariff rates that protect domestic footwear manufacturers.

Wade Merritt asked what the status was of the small business jobs bill. Mr. Catella reported that the export provisions looked secure; they were looking at other concerns such as estate tax and other provisions that may be attached to the job. They should move forward on this before July 4th.

There being no further questions, Rep. Jackson thanked Mr. Catella and Sen. Snowe’s office for sharing their concerns.

Discussion followed on the subject of how footwear is classified as soles being 50% rubber and duty tariff rates. Whatever part of the footwear has the greatest service area is how it is classified, so if the sole is fabric coated, it’s classified as “textile”. By spraying fabric over the soles of footwear, the footwear is reclassified as a textile product, therefore subject to a much lower duty rate.

Motion made by Cynthia Phinney to submit a letter of support from the CTPC. Seconded by John Patrick. Vote, unanimous.

Public Hearing Comments:

Cynthia Phinney reported that attendees were from a variety of walks of life. There appeared to be a lot of farmers in attendance. A variety of issues were discussed.

There was no further discussion on the public hearing.

Presentation via Polycom – William Warren, Forum on Democracy & Trade

Bill Warren attended a forum in Pocantico, NY which brought together legislators and local/state officials of which Rep. Rotundo was in attendance. As a result, a decision was made in order to be better informed on issues; they need to establish international contacts.

Negotiations have begun on the Trans-Pacific Partnership (TTP), a trade and investment agreement intended to integrate economies of the Americas and East Asia. The United States initiated negotiations with seven countries in March 2010. Other countries may be invited to join negotiations at a later date. Discussions are focusing on the model that the U.S. may use.

Discussion followed on issues regarding dairy imports from New Zealand. U.S. dairy farmers and members of Congress believe that this engages in unfair trading practices and excessive power over the global dairy market.

Another topic pending is the China bilateral investment treaty. China is a major exporter, invests and owns a lot of U.S. There's talk of the Obama administration retreating the bi-partisan trade policy agreement that the Bush administration settled upon which includes labor and environmental protections. The "talk" is, in order to sign a bilateral investment treaty with China; we will have to remove labor protections out of the US model.

Another major issue, the Forum is expecting a decision from WTO tribunal that's looking at legality of state and local government economic development tools used to encourage Boeing to keep its production facilities in the U.S.. Discussion focused on two commercial aircraft companies, Boeing and Airbus. Complaints have been filed that there are violations of the WTO agreement on Subsidies and Countervailing Measures (SCM).

The forum is working on developing papers that show the connection between trade and federalism policy and the general economic fiscal crisis.

We experienced difficulties maintaining a phone connection with Mr. Warren and the polycom. Since there was no further questions, Mr. Warren ended his presentation.

Sen. Jackson thanked Mr. Warren for his updates and information.

Update – Sarah Bigney regarding National Office of Insurance issue

A couple of meetings ago, Mila Kofman, Superintendent, Maine Bureau of Insurance, brought to our attention of a clause in the financial reform bill that would create an Office of National Insurance that would give them power to preempt state insurance regulations. Currently the Senate version still contains the clause. The House version contains language indicating it

cannot be preemptive of state insurance regulations. The two bills now have to go through committee to reconcile their differences and come up with one bill. Rep. Pingree has submitted a letter requesting to use the House language clause in the final bill.

Other Discussions:

Sarah Bigney circulated a handout titled "Clearing the Hurdles: Steps to Improving Wages and Working conditions in the Global Sportswear Industry." Workers from factories in China, India, Indonesia and Thailand about their wages, experiences, and working conditions. The handout summarizes their findings.

Sarah mentioned when purchasing footwear to look at the tags inside. They'll indicate whether the item was made in the China or USA.

Upcoming Meetings and Future Guest Speakers:

Action Items:

Sen. Jackson will contact Hilda Solis, U.S. Secretary of Labor; invite her to attend/present at an upcoming meeting.

Wade Merritt will look into how customs and border patrol make determinations on classifying products. Will also invite Pat Mears, Director, International Economic Affairs, National Association of Manufacturers, to speak at a future meeting.

John Palmer will contact Peter Connell for an update at the October meeting.

Next meetings:

July 16 – Updates from task groups.

August – TBD, possibly schedule in Portland with Council of State Governments 50th Annual meeting, need to talk with Sharon Treat to get an update.

September 17 - Wade Merritt stated that Janine Bisaillon-Cary, President, MITC will give a presentation.

October 15

November 19

December 17

Adjournment:

The meeting adjourned at 10:45 a.m.

Respectfully submitted,

Linda B. Nickerson